United States District Court
For the Northern District of California

E-Filed 3/1/8/09

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

UNITED STATES OF AMERICA,
 	
    Plaintiff,
 	
  v.
 	
LAN LEE AND YUEFEI GE,
 	
    Defendants.
_____ /
	No. 5:06 CR 0424 JW
	
	ORDER GRANTING IN PART AND DENYING IN PART MOTIONS TO QUASH

I. INTRODUCTION

Defendants Lan Lee ("Lee") and Yuefei Ge ("Ge") are charged with economic crimes including conspiracy, economic espionage, and theft of trade secrets from their former employer NetLogic Microsystems Inc. ("NetLogic"). *See* Superseding Indictment of Lan Lee and Yuefei Ge, filed September 26, 2007. The government alleges that defendants stole a trade secret developed by Taiwan Semiconductor Manufacturing Company, Ltd. ("TSMC"), known as a Simulation Program with Integrated Circuits Emphasis ("SPICE") model, which TSMC shared with NetLogic in the course of TSMC's fabrication of NetLogic semiconductor chips.[1]

In November 2008, defendants served subpoenas *duces tecum* on NetLogic and TSMC

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[1]   As characterized by TSMC, a SPICE model is software that details electrical characteristics and parameters uniquely associated with a particular semiconductor chip manufacturing process. TSMC and its clients, including NetLogic, use such models to predict the performance of a semiconductor chip design prior to manufacture. *See* TSMC's Motion to Quash, filed January 9, 2009, at 2-3.

1 (collectively, the "third-party companies"). *See* Fed. R. Crim. P. 17(c). The subpoenas sought a

2 wide array of documents and information related to the allegedly stolen SPICE model, prompting the

3 third-party companies to file separate motions to quash in January 2009. Since that time, defendants

4 and the third-party companies have made progress in resolving their differences, but some disputed

5 issues remain. Contemporaneous with that meet-and-confer process, the government has indicated

6 that it will be providing a bill of particulars further detailing the trade secret identified in the

7 superseding indictment.[2] With that background in mind and for the reasons set forth below, the

8 third-party companies' motions to quash are each granted in part and denied in part.

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10   **II. LEGAL STANDARD**

11   In considering a motion to quash, the Court "initially must determine whether the subpoena

12 complies with Rule 17(c), and if so, whether the materials identified therein are privileged." *United*

13 *States v. Reyes*, 239 F.R.D. 591, 597 (N.D. Cal. 2006).

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15 **A.   Federal Rule of Criminal Procedure 17(c)**

16   Rule17(c) governs subpoenas for production of documentary evidence and designated

17 objects such as books, papers, documents, or data. Fed. R. Crim. P. 17(c)(1). A Rule 17(c)

18 subpoena in a criminal case may not be used for discovery purposes and is not intended to support

19 "fishing expeditions." *United States v. Nixon*, 418 U.S. 683, 700 (1974); *United States v. MacKey*,

20 647 F.2d 898, 901 (9th Cir. 1981).

21   A court will grant a motion to quash or modify a subpoena if compliance would be

22 "unreasonable or oppressive." Fed. R. Crim. P. 17(c)(2). In order to determine whether a subpoena

23 request is "unreasonable or oppressive," the proponent of the subpoena "must clear three hurdles: (1)

24 relevancy; (2) admissibility; and (3) specificity." *Nixon*, 418 U.S. at 700. Furthermore, even upon a

25 showing that the subpoena seeks relevant, admissible, and specific evidence, a court must consider

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27   [2]   Although no bill of particulars yet appears in the Court's docket, the government sent
      a letter to defense counsel, dated March 6, 2009, purporting to narrow the scope of the superseding
28 indictment. TSMC has provided the Court with a courtesy copy of this document. Defendants
      formally moved for a bill of particulars on March 13, 2009.

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1 whether the materials are "otherwise procurable reasonably in advance of trial by due diligence,"

2 whether the proponent can "properly prepare for trial without such production and inspection in

3 advance of trial," and whether "the failure to obtain such inspection may tend unreasonably to delay

4 the trial." *Id.* at 699; *see also United States v. Fields*, 663 F.2d 880 (9th Cir. 1981) (applying the

5 rigorous *Nixon* standard to third-party subpoenas).

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7 **B. Privilege**

8   "Further, a Rule 17(c) subpoena should be quashed or modified if it calls for privileged

9 matter." *Reyes*, 239 F.R.D. at 598 (internal quotation marks omitted). In this case, as in *Reyes*, two

10 privileges are potentially applicable: the attorney-client privilege and the attorney work product

11 doctrine. The attorney-client privilege shields from disclosure any communications made in

12 confidence by a client to an attorney for the purpose of seeking professional legal advice. *In re*

13 *Fischel*, 557 F.2d 209, 211 (9th Cir. 1977). The attorney work product doctrine similarly safeguards

14 "written statements, private memoranda and personal recollections prepared or formed by an adverse

15 party's counsel in the course of his legal duties." *Hickman v. Taylor*, 329 U.S. 495, 510 (1947). In

16 the Ninth Circuit, the test for whether an attorney's work product is protected from disclosure turns

17 on whether the attorney would have generated the material but for the prospect of litigation. *In re*

18 *Grand Jury Subpoena (Torf)*, 357 F. 3d 900, 910 (9th Cir. 2004). Both the attorney-client privilege

19 and the work product protection may be waived. *Reyes*, 239 F.R.D. at 598.

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21   **III. DISCUSSION**

22   While the third-party companies do not, at this point, challenge the subpoenaed materials

23 under the relevancy prong of *Nixon*, they do contend that the subpoenaed material fails the

24 specificity and admissibility prongs. In addition, NetLogic contends that its subpoena seeks

25 information that is protected by the attorney-client privilege and the work product doctrine.

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27 **A.   Specificity**

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1   The specificity prong of the *Nixon* test requires Rule 17 subpoena requests to be

2   particularized and to identify specific items or documents that defendants believe in good faith are in

3   existence. *Nixon*, 418 U.S. at 700. The requirement of specificity is not satisfied if the defendants

4   do not know what the evidence consists of or what it will show. *United States v. Aguilar*, No. CR

5   07-0030 SBA, at *7 (N.D. Cal. August 4, 2008). The mere hope that the documents sought will

6   produce favorable evidence is not sufficient. *Id*.

7   **1.   Scope of SPICE Model Description**

8   The third-party companies argue defendants' subpoenas should be narrowed to seek only the

9   particular SPICE model at issue in the litigation. TSMC contends that the SPICE model definition

10   currently propounded by defendants is too vague, and therefore any production would be unduly

11   burdensome and require thousands of hours for compliance. NetLogic objects to the current SPICE

12   model definition on similar grounds, arguing that defendants do not know what they are requesting

13   and merely hope to recover other SPICE models that might turn out to be relevant in the underlying

14   case.

15   The expansive subpoena language at issue here, even after the narrowing achieved through

16   the meet-and-confer process, retains more the flavor of civil discovery than that traditionally found

17   in a criminal Rule 17(c) subpoena. That said, defendants are entitled to all materials comprising the

18   trade secrets identified in the indictment in preparing for their defense. As defendants correctly

19   note, the broad language used in the subpoenas tracks exactly that used in the superseding

20   indictment, and therefore reflects their best effort to identify undisputedly relevant material.

21   An indictment is intended to inform a defendant of "what he is accused of doing in violation

22   of the criminal law, so that he can prepare his defense." *United States v. Tsinhnahijinnie*, 112 F.3d

23   988, 991 (9th Cir. 1997). A bill of particulars similarly serves that purpose. Once a bill of

24   particulars is issued, the government is strictly limited to the particulars it has specified within and

25   cannot thereafter amend and expand the charges against defendants. *United States v. Haskins*, 345

26   F.2d 111, 114 (6th Cir. 1965); *United States v. Murray*, 297 F.2d 812, 819 (2nd Cir. 1962).

27   As noted above, the government has indicated that it intends to provide a bill of particulars.

28   The bill, the government represents, will identify the trade secret at issue as "TSMC Document T-

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1   013-LO-SP-009 Version 1, titled TSMC Spice Model 0.13 um Logic Salicide (1P8M, 1.0v/3.3V)

2   FSG IMD (CL013LV)." Letter to Thomas J. Nolan and Edward W. Swanson, dated March 6, 2009.

3   Because, as noted above, the United States will be bound by that limitation going forward, and

4   assuming that such a representation is finalized in a formal bill of particulars executed by the

5   prosecution, NetLogic subpoena requests 2, 4, 5, 6, 11, and 12 and TSMC subpoena requests 1, 2, 4,

6   5, 7, 8, 9, 10, 11, 12, 14, 15 16, 18, and 22 shall be modified to the SPICE model definition

7   identified therein.[3]

8   **2.**   **Time Period Limitation**

9   According to the superseding indictment, defendants worked at NetLogic until July 29, 2003.

10 The third-party companies seek to circumscribe the time period of defendants' requests for

11 communications and non-disclosure agreements ("NDAs") concerning the SPICE model.

12 Defendants, on the other hand, contend they are entitled to communications and NDAs regarding the

13 SPICE model regardless of when they occurred.

14   While materials beyond defendants' termination dates might be tangentially related to their

15 defense, imposing a time period limitation of one year from the date defendants left the employ of

16 NetLogic will mitigate the burden on the third-party companies, while still allowing the defense to

17 receive the necessary materials directly related to the underlying criminal prosecution. Accordingly,

18 NetLogic subpoena requests 2 and 3 and TSMC subpoena request 4, all of which seek production of

19 NDAs and other communications between the third-party companies, are limited to the time period

20 ending on July 29, 2004.

21   **3.** **Other Subpoena Requests Challenged on Specificity Grounds**

22   **a.**   **NetLogic**

23   NetLogic objects to requests 11, 12, 29, and 30, which demand production of documents

24 intended to put defendants on notice that the SPICE model was a trade secret. NetLogic claims that,

25 pursuant to other subpoena requests, it has already agreed to produce specific documents tending to

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27   [3]   This ruling is contingent upon the filing of a formal bill of particulars. In the event

28 the government fails to do so, the defendants may bring a motion to compel compliance with their
    Rule 17(c) subpoenas.

1 show defendants had such notice, such as employee manuals and confidentiality agreements.

2 Requests 11, 12, 29, and 30, NetLogic contends, appear to be "catch-all provisions designed to elicit

3 any other documents" tending to show notice, which defendants may have otherwise failed to

4 request. As such, NetLogic concludes, the requests are too vague.

5   The Court agrees. "A subpoena duces tecum should not require the recipient to determine at

6 his own peril what he is to do, without clear guidelines for compliance." *In re Grand Jury*

7 *Subpoena: Subpoena Duces Tecum*, 829 F.2d 1291, 1301 (4th Cir. 1987) (striking down subpoena

8 *duces tecum* which required subpoenaed individual to make" judgment calls" as to which documents

9 to produce, at risk of contempt). In this case, it is not NetLogic's job to comb through its business

10 records in an attempt to ascertain which ones could be construed as putting defendants on notice—

11 especially since the obvious candidates such as confidentiality agreements are already being

12 produced. NetLogic's motion to quash is therefore granted as to requests 11, 12, 29, and 30.

13   NetLogic further contends that request 21, which seeks "[a] separate copy of any portion of

14 the Datasheets that [NetLogic] considers to have been a trade secret as of July 29, 2003," is

15 inappropriate because it requires testimonial and interrogatory-type production outside the scope of

16 a Rule 17(c) subpoena. Defendants are entitled, however, to know exactly which information about

17 the SPICE model was considered a trade secret at the time of the alleged theft, and therefore

18 NetLogic's motion to quash is denied as to request 21.

19   **b.   TSMC**

20   TSMC objects to request 18, which seeks documents showing that the SPICE model had

21 "monetary value to TSMC as a result of not being known to the public." As with NetLogic requests

22 11, 12, 29, and 30, this broad language fails to provide clear guidelines for compliance and would

23 require TSMC employees to make judgment calls in their attempts to comply. Accordingly, TSMC's

24 motion to quash is granted as to request 18.

25   As to Requests 14 and 16, TSMC asserts that it should only be required to produce materials

26 disclosing the entire SPICE model identified as the trade secret, rather than requiring the production

27 of documents containing merely a portion of that item. Nonetheless, disclosure of even a portion or

28 subset of the identified trade secret may be important in determining the status of the alleged secret

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1   in its entirety. While TSMC is understandably concerned that searching for all materials which may

2   disclose any one of the thousands of parameters contained in the SPICE model may be a significant

3   task, the narrowing effect of the bill of particulars discussed above should aid in that process. This

4   portion of TSMC's motion to quash is therefore denied.

5   Finally, TSMC requests 9, 10, and 15 seek NDAs and details concerning enforcement of

6   NDAs. While the requested documents may be generally relevant, compliance with these requests

7   as drafted is impractical, *see* Yeh Declaration, filed January 9, 2009, at ¶¶ 4-6, and the requests

8   further reflect the type of generalized discovery found in the civil arena but not consistent with the

9   limits contemplated by Rule 17. Accordingly, TSMC's motion to quash as to these three requests is

10 granted.

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12 **B.   Admissibility**

13   Next, NetLogic argues that subpoena requests 4, 5 (g, h, i), 22 (i, j, k), 39, and 40 are related

14 to NetLogic's internal investigations of defendants' alleged theft. It follows, NetLogic contends, that

15 these requests fail to meet the *Nixon* standard for admissibility because the requested materials

16 would be inadmissible hearsay at trial. Defendants counter that, although these requests may seek

17 out-of-court statements, the material produced will nonetheless yield admissible evidence because

18 (1) any out-of-court statements by defendants themselves will amount to party admissions; and (2)

19 inconsistent out-of-court statements by employees of the third-party companies could potentially be

20 useful for impeachment purposes at trial. *See* Fed. R. Evid. 613 (governing impeachment of

21 witnesses by prior inconsistent statement); Fed. R. Evid. 801(d)(2) (providing that party admissions

22 are non-hearsay).

23   It is well-established that "Rule 17(c) does not entitle [defendants] to pre-trial production of

24 impeachment material." *Reyes*, 239 F.R.D. at 601. Likewise, there is no support for the proposition

25 that defendants may utilize Rule 17(c) to subpoena a broad array of documents in the hopes that they

26 may contain party admissions. NetLogic subpoena requests 4, 5 (g, h, i), 22 (i, j, k), 39, and 40, will

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1   therefore be quashed for failure to meet the admissibility prong of *Nixon*.[4]

2   Defendants nonetheless argue that, even if their subpoena request is quashed, they are

3   entitled to have the Court review the subpoenaed materials *in camera* "so that the court may review

4   the material and disclose it if, ever, when it becomes ripe for impeachment." *Reyes*, 239 F.R.D. at

5   601. In *Reyes*, however, the Court agreed to *in camera* review of potential impeachment materials

6   only because the defendant had "made a persuasive showing that a third party possesse[d] *specific*

7   material that is *highly relevant* to the criminal charges pending against him, and may become

8   admissible upon the testimony of witnesses who are *likely* to testify at trial." *Id.* (emphases added).

9   Here, defendants have made no such specific showing as that offered by the defense in *Reyes*. *In*

10 *camera* review, therefore, will not be ordered.

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12   **IV. CONCLUSION**

13   As detailed above, the NetLogic and TSMC motions to quash are each granted in part and

14 denied in part, as follows:

15 •   In light of the impending bill of particulars, NetLogic subpoena requests 2, 4, 5, 6, 11, and 12

16   and TSMC subpoena requests 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, and 22 are limited

17   to the trade secret identified therein.

18 •   NetLogic subpoena requests 2 and 3 and TSMC subpoena request 4 are limited to the time

19   period ending July 29, 2004.

20 •   NetLogic's motion to quash NetLogic subpoena requests 11, 12, 29, and 30, and TSMC's

21   motion to quash TSMC subpoena requests 9, 10, 15, and 18, are granted on specificity

22   grounds.

23 •   NetLogic's motion to quash is denied as to NetLogic subpoena request 21.

24 •   TSMC's motion to quash is denied as to TSMC subpoena requests 14 and 16.

25 •   NetLogic's motion to quash NetLogic subpoena requests 4, 5 (g, h, i), 22, (i, j, k), 39, and 40

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27   [4] NetLogic also contends that this same set of subpoena requests is not subject to subpoena
    because it is protected under the attorney-client and attorney work product privileges. The Court
28 notes that, to the extent NetLogic has disclosed the results of its internal investigation to the
    government, it has waived these privileges. *Reyes*, 239 F.R.D. at 602.

1   is granted on admissibility grounds.

2 •   All other subpoena requests remain in full force and effect.

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4   **IT IS SO ORDERED.**

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7 Dated: March 18, 2009   _____

8   RICHARD SEEBORG
                               United States Magistrate Judge

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